

Interest Rate

The interest rate of the loan is determined by your annual household income. See the Income / Interest chart that accompanies this packet. We reserve the right to review your financial situation at periodic intervals (usually every two to five years). The interest rate and loan payments may be adjusted as your financial situation changes.

Loan Payments

Payments are arranged to fit your budget. The Rehabilitation Specialist will work with you to come up with an affordable payment plan. Payments typically begin within 6 months after loan closing.

Loan Assumption

Assumption of your loan by another party is not allowed. **If you transfer ownership of your property, or cease to occupy the property as your principal residence, the balance of the loan will be immediately due and payable.**

City Employee Eligibility

City of Eugene employees may have a conflict of interest that could prohibit obtaining a rehabilitation loan. Consult the Rehabilitation Specialist for specific information.

Loan Approval and Closing

After you submit the contractor bids and we gather all the required loan documentation, your loan is submitted to a Credit Committee for review. If your project is approved, a closing date will be scheduled.

At closing, you will be asked to sign a number of documents that cover all of the terms of your loan. Since you will be signing a trust deed that becomes a lien against your property, Federal law requires that you be given a three-day rescission period during which time you may change your mind and cancel the loan. **Do not start work before this period expires.**

Construction

The contractor may begin work after the rescission period has expired and the City contract between you and the contractor has been executed. We will provide the necessary contract for you and the contractor, but we are not a party to the contract. Depending on the scope of work, construction should be complete in six (6) months.

Progress Inspections

Progress inspections will be performed by the Rehabilitation Specialist as work is completed on your project. Any work that requires a building or specialty permit must also be inspected and approved by the appropriate permit inspector. Progress inspections may be requested as often as twice a month. **Due to Federal regulations, we are prohibited from paying for materials that have not been installed, or paying for work that is incomplete.**

Final Inspection

The final inspection will take place after all construction work is complete. You will be asked to sign a Final Completion Certificate and authorize final payment to the contractor. Prior to release of funds to you or the contractor, all building or specialty permits must be approved and "finalized." If there are funds remaining after final payment to your contractor, they will be used to reduce the principal amount of your loan.

Loan Servicing

After construction is complete, much of the contact you have with the City will be through the Finance Division. Payment coupons will be sent to you prior to the first payment due date. Questions concerning payments or the loan balance should be directed to the **Finance Division (682-5022).**

Loan Payoff

At such time when your loan is paid in full, the lien will need to be removed from your property title. This process is called "full reconveyance," and is performed by the title company which initially recorded the trust deed (also known as the trustee). The trustee may charge a fee for full reconveyance, which is your responsibility to pay. Failure to reconvey the trust deed may result in the City's lien showing on your title, which could affect sale or transfer of the property at some future time.

CITY OF EUGENE

Guide to Home Rehabilitation Loans



The City of Eugene has low-interest and interest-free loans available for low-income city residents to make home repairs.

Funds for the loans come from the Department of Housing and Urban Development (HUD). Applications are accepted as long as funds are available.

For more information, contact the City's Housing Finance Staff at **682-5446**.

City of Eugene
Community Development
99 W. 10th Avenue
Eugene, Oregon 97401
www.ci.eugene.or.us



Program Purpose

The Home Rehabilitation Loan Program helps low-income homeowners correct building conditions that threaten the health and safety, or the soundness of the home.

Basic Eligibility

- ❖ Property must be located within the Eugene city limits.
- ❖ Applicants must meet HUD income guidelines.
- ❖ Proposed work must be eligible.
- ❖ Property must be the applicant’s residence.

Loan Processing

To determine if you may be eligible for a rehabilitation loan, we will need the following:

- ❖ Completed Rehabilitation Loan application, including:
- ❖ Signed forms and verifications (verification of employment, deposit, mortgage).
- ❖ Copy of your most recently filed tax return (including all schedules and W-2 forms). Self-employed applicants must provide 2 years of returns).
- ❖ Copy of recent pay stub for each employed person in the household from all sources of employment.
- ❖ Copy of benefit letter for each person in household receiving Social Security benefits.

Initially, we will use the information you provide to determine whether or not you meet the minimum standards for the loan program. It is important that the information you provide be accurate and complete. We verify all information on your application and obtain a credit report for all applicants. Depending on your personal circumstances, additional information may be requested.

Property Inspection

If we determine that your project appears to be eligible for the rehabilitation loan program, a property inspection will be scheduled. A Rehabilitation Specialist will visit your home to identify the work necessary to bring your property into compliance with current rehabilitation standards. Since you know more about your property than anyone else, we ask that you participate in this inspection. After the inspection, the Rehabilitation Specialist will prepare a preliminary work write-up to identify repair items in two categories:

Required Work

Priority conditions which endanger the health or safety of the occupants, or the structural integrity of the home.

Optional Work

Other eligible work which, in the opinion of the advisor, should be done to prevent further deterioration, conserve energy and/or preserve the structure.

Required work must be completed prior to optional work. Optional items may only be completed if there are sufficient loan funds available. Priority repairs will be at the discretion of the City’s Rehabilitation Program staff.

Lead Based Paint

Homes built before 1978 may contain lead-based paint. Your project may require paint testing to determine the extent and condition of lead paint. Certified contractors must be used, and safe work practices must be followed during construction work in affected areas.

Bid Process

After an approved scope of work has been determined, bid packets will be provided. Applicants are responsible for obtaining three (3) complete bids from licensed, bonded general contractors. Multiple bids are necessary to help determine that the cost of your project will be reasonable. Homeowners will not be allowed to act as the general contractor for their own projects. The City reserves the right to deny the use of any contractor for just cause.

In compliance with Federal regulations, the City of Eugene will encourage the use of minority and women-owned business enterprises. The City of Eugene does NOT recommend specific contractors or business enterprises. However, when we send the bid packets, we can include a list of contractors who have indicated an interest in performing rehabilitation work. Ultimately, it is your responsibility to obtain bids from qualified contractors, and it is recommended that you check references.

Important Information You Need to Know

While you are obtaining bids, we will prepare your loan package. We will verify all of your financial and employment information in writing, request a preliminary title report and we may ask that you obtain an appraisal or other documentation to establish the market value of your property.

Property Taxes

Property taxes must be paid current. We will not process your application or schedule a property inspection if property taxes are delinquent.

Processing Time

Processing time varies, depending on the project. The average time required is six weeks. Applications are processed in the order they are received. However, failure to provide requested documentation or to obtain bids in a timely manner may result in the funding of other projects before yours, or may cause your application to be declined.

Fire Insurance

Fire and/or hazard insurance is required. At a minimum, fire and extended coverage in an amount equal to 80% of the property value, or the total of liens, whichever is greater, is necessary. If your loan is approved, we will request that your insurance agent provide a binder at loan closing.

Flood Insurance

Flood insurance is necessary if your property is located in a flood zone. We will advise you if this requirement applies to your property.

Credit History

We examine your credit history carefully. All accounts with balances should be paid current. Your mortgage payment history is of particular interest. We want to see a regular pattern of monthly payments. If you have had credit problems in the past, we may ask for a written explanation prior to proceeding with the review of your application.

Loan Amount

The loan amount is determined by the cost of the work, your ability to make payments, and the equity you have in the property. We generally do not loan less than \$5,000 or more than \$25,000.

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